GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:78
ANSWERED ON:21.02.2003
SALE OF TEA
MINATI SEN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

:

(a) whether the Government are aware that tea producers in the country are facing difficulties to sell their products due to introduction of a new provision in Tea (Marketing) Control Order, 2002 resulting in the closure of many tea gardens:

(b) if so, the details thereof; and

(c) the remedial steps the Government propose to take in this regard?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (c) OF LOK SABHA STARRED QUESTION NO. 78 FOR ANSWE 21.2.2003 REGARDING SALE OF TEA

(a) to (c): It is not true that the tea producers in the country are facing difficulties to sell their produce due to the introduction of the Tea (Marketing) Control Order, 2003 and directives issued thereunder regarding changes in auction rules. The Tea (Marketing) Control Order, 2003 and the changes in auction rules were notified based on the recommendations of a reputed consultancy firm who conducted a study of the primary marketing of tea in India. The objective of the study was to safeguard the legitimate interests of the producers as well as buyers, keeping in view the overall aim of strengthening the primary system of marketing of tea through auctions in terms of transparency and fair price discovery. These measures have been widely welcomed by all sections of the producers, big and small and all the tea growing states. Some tea gardens in the country have, over the last few years, faced closure due to the continuous fall in prices of tea, and increased costs of production. These factors have adversely affected the economy of the tea plantations. The Tea (Marketing) Control Order 2003 is designed to address this problem. After some disruptions initially, the new regime and auction system have settled down with improved transparency and price discovery.

In the context of the difficulties being faced by the Indian tea industry, the Reserve Bank of India has announced, in August 2002, a credit relief package, which provides for restructuring/ reschedulement of the loans outstanding in the tea sector from the commercial banks etc. to help the industry during the present crisis. RBI has also announced on 5th February 2003, a separate relief package for the small tea growers and Bought Leaf Factories.

Furthermore, Government has also appointed Expert Committees to make an in-depth study of the closed tea gardens in the States of West Bengal, Kerala, Assam and Tripura and to suggest a package of measures for their viability and revival. The Committees are expected to submit their reports by March, 2003.